

FISCAL NOTE

SB 1004 - HB 1246

March 17, 2003

SUMMARY OF BILL: Prohibits health insurers that provide coverage to the spouse of the insured from including in the policy a provision for termination of coverage for a spouse or dependent children solely as a result of divorce or death of a spouse. Plans are to continue coverage of a dependent not residing with the plan member, when the covered person moves to a new group plan or in the event of remarriage of the original group plan member. The right to coverage shall terminate upon failure to pay premiums, when the plan is terminated to all group members, unless a new plan is made available, when the divorced or surviving spouse remarries or becomes eligible for Medicare.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$100,000

Decrease State Expenditures - Exceeds \$100,000/TennCare

Increase Local Govt. Expenditures* - Exceeds \$100,000

Other Fiscal Impact - Decrease Federal Expenditures - Exceeds \$200,000

Estimate assumes:

- a significant increase in cost to the state and local government employee health insurance plans to continue to cover family members as provided for by the bill. Currently, under the state employee's health insurance plan, coverage can be continued for a period of six months upon the death of a spouse who was a state employee.
- *the provisions of the act would apply to state and local government health insurance plans. Governmental plans are excluded from the ERISA statutes.*
- continued coverage under private plans may reduce TennCare expenditures to the extent that some adults or children terminated from private plans would have become TennCare eligible as Medicaid participants in the absence of the bill.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director